



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

ACT 903

Fiscal Note On: **SB 778** SLS 10RS 1839
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: July 21, 2010 4:37 PM	Author: LAFLEUR
Dept./Agy.: Local Governments/Bond Commission	
Subject: Private Sale of Bonds Secured by Ad Valorem Taxes	Analyst: Michael Cragin

BONDS EN SEE FISC NOTE LF EX Page 1 of 1
Provides that bonds secured by ad valorem taxes issued by political subdivisions may be sold at private sale. (8/15/10)

Purpose of Bill: This bill authorizes all general obligation bonds or other such bonds or indebtedness secured in whole or in part by ad valorem taxes issued by political subdivisions to be sold either through public sale or at private sale provided the issuance of any such general obligation bonds or other such bonds or indebtedness is approved by two-thirds of the members of the State Bond Commission present and voting. Public sales must follow existing statutory requirements for advertising the sale of securities. The terms “general obligation bonds” and “political subdivisions” shall have the same meaning ascribed to them in Article IV, Section 44 of the Constitution of Louisiana.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

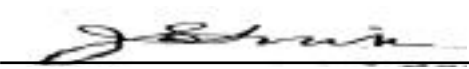
REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION
The effect on governmental expenditures as a result of this measure is indeterminable at this time. However, this bill may reduce financing costs.

According to an official with the State Bond Commission, the proposed measure provides an issuer desiring to sell bonds secured by ad valorem taxes (essentially general obligation bonds) to be issued under a negotiated sales format rather than solely through a competitive bid format. Issuers currently have this option on all other sales with the exception of those secured by ad valorem taxes.

This official with the State Bond Commission stated that a negotiated option may provide the issuer an option to secure a lower overall financing cost by allowing the opportunity to negotiate various expense factors rather than basing the determination solely on the lowest auction bid.

REVENUE EXPLANATION
There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$100,000 Annual SGF Cost	Joy Irwin
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	Director of Advisory Services